



**REVIEW OF
GOVERNOR OFFICE BUILDING
RENOVATION AND LEASE AGREEMENT**

From The Office Of State Auditor
Claire McCaskill

Report No. 2000-125
December 14, 2000

There were no significant issues disclosed in the bidding for the renovation contract and the lease agreement for space. Two minor issues regarding expenses and space use were disclosed

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PERFORMANCE AUDIT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2000

www.auditor.state.mo.us

Review of Governor Office Building lease and space use disclosed only minor concerns.

The State Auditor's Office initiated a review of the Governor Office Building to determine if the building renovation was properly bid, the lease rate is reasonable, change orders from the original bid were reasonable, and if the building space is effectively used.

The audit did not disclose any significant problems within the scope of the review. There were two issues of concern that warrant attention.

- **Building renovation costs were inflated by Public Service Commission requirements**

The Public Service Commission, a primary tenant of the Governor Office Building, added a bullet resistant commissioner's bench at a cost of \$6,500. We do not believe this was a prudent use of public funds.

- **Some lease space was not efficient for state purposes**

The Division of Facilities Management is leasing a large ballroom for conferences, but it is not set up for practical use. The annual lease cost is \$33,000. The room is over 3,200 square feet and is not configured for sectioning off into smaller conference rooms. There are few bookings, mainly because the room is too big for most conferences. If the Division intends to continue leasing this space, the addition of room dividers would enhance the room's conference capability. The Division is considering negotiations with the developer to return the ballroom and reduce the lease costs.

YELLOW SHEET

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CLAIRE C. McCASKILL
Missouri State Auditor

December 14, 2000

Honorable Roger Wilson, Governor
Room 216 State Capitol
Jefferson City, MO 65101

Dear Governor Wilson:

The State Auditor's Office initiated a review of the Governor Office Building. The objectives of this review were to determine if

1. The building renovation was properly bid.
2. The current lease rate is reasonable.
3. Change orders from the original request for proposals were reasonable.
3. The building space is being effectively and efficiently used.
4. State tax credits issued during the donation and renovation phases of the building were properly managed.

Our review was limited to specific matters described above and was based on selected tests and procedures considered appropriate in the circumstances.

We did not find any material problems; however, we do have some concerns. First, the Public Service Commission had a bullet resistant commissioners' bench added to the main hearing room in the building, which increased the cost by over \$6,500. This does not appear to be a prudent use of public funds.

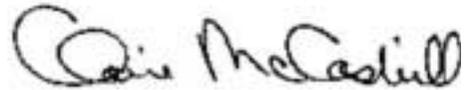
Second, the Division of Facilities Management is leasing the ballroom in the Office Building and using it as a conference room at an annual lease cost to the state of over \$33,000. This 3,268 square foot room is not being used effectively. The ballroom has very few bookings, mainly because it has too much space for most conferences, and it is not configured to be conducive to small conferences. If the Division of Facilities Management plans to continue to lease this space, it appears the addition of room dividers would substantially enhance the room's conference capability. During the course of our review, the Division of Facilities Management began discussion with the developer regarding the possibility of returning the ballroom to the developer with a corresponding reduction of the lease cost paid by the state. The state could then rent the ballroom, as needed.

The scope of the review included examining the project that started when the building was originally donated to the state in 1997. We reviewed the request for proposals, the one-time payment (change order) invoices, and the lease contract. We also toured the newly renovated Governor Office Building and researched the state tax credits involved.

Based on the results of our review of the Governor Office Building we do not plan any additional audit work at this time.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the division's expenditures, contracts, and other pertinent procedures and documents, and interviewed division personnel.

Sincerely,

A handwritten signature in black ink that reads "Claire C. McCaskill". The signature is written in a cursive, flowing style.

CLAIRE C. McCASKILL
STATE AUDITOR

STATE OF MISSOURI
LEASE OF REAL PROPERTY

THIS LEASE, No. 02600⁷⁹¹977, made and entered into this 19th day of January 1999, by and between Hotel Governor of Jefferson City I, L.P., 232 N. Kingshighway, Apt. 1213, St. Louis, Missouri 63108 (State of Missouri Vendor Number 7280963), hereinafter called the Lessor, and the State of Missouri, by the Office of Administration, Division of Facilities Management, hereinafter called the Lessee, on behalf of the Department of Economic Development, Public Service Commission and Office of the Public Counsel, hereinafter called the Tenant.

WITNESSETH: That the Lessor, in consideration of the covenants of said Lease hereinafter set forth, does by these presents Lease to said Lessee, under the terms and conditions set forth, the premises described as follows:

200 Madison Street, Jefferson City (Cole County), Missouri 65101, hereinafter called "premises" and consisting of 74,589 net rentable square feet.

1. **TERM OF LEASE**

(a) The term of this Lease shall commence on February 15, 2000, and end June 30, 2015. It is understood and agreed between the parties that the Lease is contingent upon the Lessee receiving appropriations therefore from the Missouri General Assembly. Monies are appropriated according to the State of Missouri's fiscal year, which begins July 1, and ends June 30. In the event that sufficient funds are not appropriated by the Missouri General Assembly for any fiscal year during this Lease, Lessee shall immediately notify Lessor of the event of non-appropriation. Lessee shall vacate the premises no later than July 1. The Lease shall be deemed to have expired of its own terms and Lessee shall have no further obligation hereunder.

(b) The Lessor grants to the Lessee the option to extend the Lease for three 2 month periods following the above ending date at the same rental rate as paid during the final renewal period. Lessee must notify Lessor of its intent to exercise the extension no later than 60 days before the expiration date or 30 days before the expiration of any extension period.

2. **RENTS**

The annual rent shall be in the amount of **SIX HUNDRED SEVENTY-SEVEN THOUSAND TWO HUNDRED SIXTY-EIGHT DOLLARS AND TWELVE CENTS (\$677,268.12)**, payable monthly in arrears in the amount of **FIFTY-SIX THOUSAND FOUR HUNDRED THIRTY-NINE DOLLARS AND ONE CENTS (\$56,439.01)**, upon prior invoices submitted by Lessor.

3. **TAXES**

If the base real estate tax rate existing at the time of award increases more than ten percent during the life of the Lease, and the Lessor provides full documentation of such increases, the state will, at its option, either increase the rental rate or provide a lump sum payment for the amount of the tax increase in excess of ten percent.

4. **RENEWAL TERMS**

In the event the Lessee remains in possession of the premises after the expiration date of said Lease or any renewal period without extending the Lease or without executing a new Lease, the Lessee shall be deemed to be occupying the premises as a Lessee from month-to-month, with the parties therefore subject to existing provisions of law and all of the conditions of said Lease insofar as they are applicable to a month-to-month tenancy, except that the Lessor agrees to accept the said rental rate on a monthly basis until the premises are vacated by the Lessee or until the parties enter into a new agreement, whichever is sooner.

5 CONSTRUCTION AND RENOVATION

(a) The Lessor shall remodel, construct, and equip the premises in accordance with RFP #02600971 and Bid Proposal, which are made a part hereof by reference, and the premises shall be prepared to the satisfaction of the Lessee. The building and premises must be accessible as defined by the Americans with Disabilities Act Accessibility Guidelines, enacted by the Federal Government on July 26, 1990, which went into effect January 26, 1992.

(b) In the event the Lessor fails to remodel, construct and equip the premises in accordance with Paragraph (4)(a) by the guaranteed occupancy date as stated in Lessor's Bid Proposal, liquidated damages in the amount of twice the per diem rental shall be assessed for each calendar day thereafter that the Lessee is prevented from occupying the premises by reason of such failure, and the rent provided for herein shall be forfeited and shall not be payable until the premises are ready for occupancy.

(c) Extensions of time for the date of occupancy may be granted by Lessee for delays due to abnormal weather which actually impedes work progress. The records of the U.S. Weather Service for the last ten years for the time and place of occurrence of the abnormal weather shall be used to establish what is normal. Time extensions may also be granted for delays due to labor strikes, acts of God, fire, and non-delivery of materials by third persons, provided Lessor provides satisfactory evidence that the materials were ordered in sufficient time to support ordinary construction progress.

(d) The Lessor understands and agrees that all alterations, renovations and improvements, the cost of which exceeds \$25,000.00 made to the premises during the life of the Lease including all renewal and extension periods, shall be made in accordance with requirements as set forth in Chapter 290, RSMo.

6. SERVICES

(a) The Lessee agrees to pay for the utilities of heat, air conditioning, water, sewer, light, steam, gas and electricity.

(b) The Lessee agrees to provide and pay for janitorial services, equipment and supplies, including paper products (restroom tissue, paper towels, etc.).

(c) The Lessor agrees to provide 20 vehicle parking spaces located on the premises or within a reasonable distance from the premises.

(d) The Lessor shall furnish all fluorescent and incandescent light bulbs necessary on the premises. Thereafter, the Lessor shall furnish and the Lessor shall install replacements for all fluorescent and incandescent light bulbs necessary on the premises.

(e) The Lessor shall permit the Lessee to install communication systems necessary for the conduct of the Lessee's business and said systems shall remain the property of the Lessee.

(f) The Lessor will provide and pay for general garbage and trash removal from the premises.

(g) The Lessor agrees to direct and pay for removal of snow and ice from the sidewalks and parking area and to provide and pay for general lawn care.

(h) The Lessor agrees to provide and pay for effective and safe pest control (insect and rodent).

7. USE OF PREMISES

The Lessee agrees to use the premises for office space, so long as such use shall be deemed feasible by the Lessee, and the Lessee shall have the right to assign its rights under said Lease, in whole or in part, to any other State of Missouri agency, subject to the same conditions of said Lease. Lessee may not assign its rights under said Lease to any non-State of Missouri party

without the written consent of the Lessor. The Lessee, at its option, may sublease all or a portion of the demised space to any State of Missouri, not-for-profit or private entity. When major changes are planned, the Lessee will notify the Lessor of its intentions and request concurrence from the Lessor of the proposed changes. The Lessor will not arbitrarily withhold such concurrence.

8. ALTERATIONS AND IMPROVEMENTS

The Lessee shall have the right to make alterations, attach fixtures and erect additions, structures or signs in or upon the premises, which fixtures, additions or structures so placed upon or attached to the premises shall be and remain the property of the Lessee and may be removed and otherwise disposed of by the Lessee. The above changes or alterations shall in no way weaken or cause structural injury to the premises, and the altered part of the premises shall, upon removal by the Lessee, be returned to the condition existing prior to such change, alteration, installation, ordinary wear and tear excepted, if required by the Lessor.

9. PREMISE MAINTENANCE

(a) The Lessor shall maintain the premises in good repair and tenantable condition, including buildings, equipment, HVAC filters, fixtures and any other property furnished by the Lessor to the Lessee under said Lease. The Lessor will inspect emergency and exit lighting systems, fire extinguishers and heat and smoke detectors annually. Any malfunctioning equipment must be immediately repaired or replaced. Record of inspections shall be maintained and signed by the inspecting agent with a copy given to the tenant agency. For the purpose of so maintaining the premises and property, the Lessor may, at reasonable time and with the approval of the Lessee's authorized representative, enter and inspect the premises and make any necessary repairs.

(b) In the event the premises fall into disrepair or untenable condition arising from the Lessor's failure to perform maintenance as required by paragraph (8)(a), such that the Lessee or its employees' ability to safely or comfortably conduct business is substantially impaired, the Lessee shall notify the Lessor in writing of the general nature of the disrepair or untenable condition. Lessor shall have 60 consecutive calendar days from the date of this notice to take whatever measures are necessary to correct the disrepair or untenable condition to the Lessee's reasonable satisfaction. If the Lessor fails or neglects to take measures to correct the disrepair or untenable condition within such 60 day period, then the Lessee may, at its option, (1) take measures to correct the disrepair or untenable condition in compliance with applicable Missouri law and procedures governing the same and abate the cost of such corrective measures from the rent otherwise due without prejudice to other judicial remedies the Lessee may seek; (2) exercise its option to terminate said Lease without additional notice, vacate the premises, and recover any rent paid in advance for the period subsequent to the date that Lessee vacates the premises as well as the costs incurred by the Lessee in vacating the premises and in finding a new location; or (3) withhold all rental payments pending correction of the disrepair or untenable condition.

10. DAMAGE OR LOSS OF PREMISES

(a) The Lessee agrees to pay for any damage to the premises caused by the acts of Lessee or its employees, ordinary wear and tear excepted.

(b) If the premises are damaged or destroyed by fire or other casualty so as to render the premises untenable, the rent shall be abated or reduced proportionately according to the usable square feet remaining on the premises as determined by the Lessor and Lessee until the premises are restored by the Lessor. The Lessor shall not be obligated to repair or restore the premises in the event of such damage. However, the Lessor shall notify the Director or Assistant Director, Division of Facilities Management, in writing of its intent concerning repair and restoration of the premises within 15 consecutive calendar days after the date of such damage. In the event the Lessor elects not to repair or restore the premises, or in the event the Lessor elects to repair or restore the premises and they are not restored to a condition substantially as good as prior to such damage within 60 consecutive days from the date of such damage, the Lessee may, at its option, terminate the Lease by giving the Lessor ten consecutive calendar days written notice of its intent

to do so, and the Lessor shall return to the Lessee any rent paid in advance for the period subsequent to the effective date of said notice.

11. DISREPAIR

If, at any time, during the period of said Lease a public official, agency, architect or professional engineer registered in the State of Missouri determines that the premises do not comply with the model building codes, ordinances and requirements or that the premises are not in an adequate state of repair or are not safe for occupancy, Lessee shall notify Lessor of such fact and the Lessor shall have any such deficiencies corrected within ten consecutive calendar days of the date of such notice, or within an extension period granted at the option of Lessee. If the Lessor fails or neglects to correct such deficiencies within said time period, Lessee may, at its option, terminate said Lease without additional notice, vacate the premises and recover any rent paid in advance for the period subsequent to the date that Lessee vacates the premises as well as the costs incurred by Lessee in vacating the premises and in finding a new location.

12. INDEMNIFICATION

The Lessor shall indemnify and hold the Lessee harmless from all liabilities, charges, expenses (including counsel fees) and costs arising on account of or by reason of any injuries, liabilities, claims, suits or losses directly resulting from a dangerous condition existing on the premises at the time of the injury, unless the said dangerous condition shall have been caused or created by or have resulted from the negligence or wrongful act or omission of an employee of the Lessee within the course of said employee's employment.

13. NOTICES

(a) Any notice by Lessor concerning said Lease shall be deemed sufficient if sent by certified mail, return receipt requested, to:

Division of Facilities Management
Facility Leasing Section
3225 West Truman Boulevard, Suite 100
Jefferson City, Missouri 65109

(b) In the event of default by Lessor or termination by the Lessee, notice will also be sent to:

Mercantile Bank Community Development Corp. Inc.
Attention: Kathy Bader
10 North Hanley
Clayton, Missouri 63105

Any notice by Lessee concerning said Lease shall be deemed sufficient if sent by the Director or Assistant Director, Division of Facilities Management, by certified mail, return receipt requested, to the mailing address provided and updated by Lessor and subsequently set forth in the Missouri Automated Procurement System.

14. APPROPRIATIONS

It is understood between the parties that moneys to fund rental and all other payments due under said Lease are annually appropriated by the Missouri General Assembly for one fiscal year beginning on July 1. It is understood and agreed by the parties that said Lease shall not be binding upon the Lessee unless and until general appropriations have been made by the Missouri General Assembly and, if applicable, funds have been received from the United States Government for payment of rental or for any other payment under said Lease on behalf of the Lessee for any fiscal year during the initial period or any renewal or extension period of said Lease.

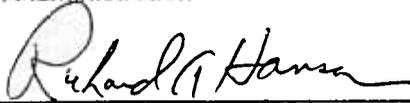
15. BINDING AND ENTIRE AGREEMENT

The covenants and agreements contained in said Lease shall be binding upon and shall inure to the benefit of the parties of said Lease, their respective successors, administrators, executors and assigns.

IN WITNESS WHEREOF, we have hereunto affixed our signatures.

LESSEE:

Office of Administration

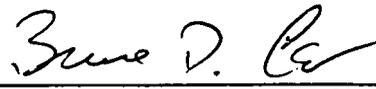
By: 
Richard A. Hanson
Commissioner of Administration

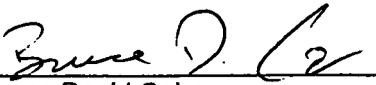
Date: 2-24-99

Rev. 11/4/98

LESSOR:

Hotel Governor of Jefferson City I, L.P.

By: 
Hotel Governor of Jefferson City, L.L.C.

By: 
Bruce David Cohn

Date: 2/17/99

ADDENDUM TO LEASE

This ADDENDUM TO LEASE (the "Addendum") is attached to and forms a part of that certain LEASE AGREEMENT (the "Lease") dated _____, 199_, by and between HOTEL GOVERNOR OF JEFFERSON CITY I, L.P., as landlord ("Landlord"), and OFFICE OF ADMINISTRATION, ACTING ON BEHALF OF THE STATE OF MISSOURI, as tenant ("Tenant"), which Lease leases and covers certain "Leased Premises" being Suite _____, of the Landlord's land and building known as Governor Hotel, 200 N. Madison, Jefferson City, Missouri (the "Project").

Landlord and Tenant hereby agree and provide that the Lease is amended and supplemented by adding the following additional provisions to the Lease, to-wit:

1. Right of First Refusal to Purchase the Project. Provided that Tenant is not then in default under the Lease (beyond the expiration of any applicable grace, notice and cure periods contained in the Lease), Landlord hereby grants unto Tenant the "Right of First Refusal" to purchase the Project during the Term of the Lease (or any renewal term), upon the following terms and conditions, to-wit:

(a) At such time as Landlord determines that it intends or desires to market and sell the Project to third-parties, the Landlord shall give Tenant written notice of Landlord's intent or desire to market and sell the Project to third-parties (the "Landlord's Marketing Notice"); provided, however, that Landlord agrees and covenants that Landlord's actual marketing and sales efforts with respect to the Project shall not begin and commence until the "Marketing Date" as determined below.

(b) The "Marketing Date" shall be that date which is the earlier of: (1) fifteen (15) months after the Landlord's Marketing Notice to Tenant; or (2) the Governor of the State of Missouri signs into law appropriate appropriation and related laws authorizing and funding the purchase of the Project by the Tenant. The Landlord anticipates that the Marketing Date will not occur prior to February 15, 2005.

(c) In the event that, on or after the Marketing Date, the Landlord receives a bona fide written purchase offer (the "Purchase Offer") from a third-party to purchase the Project at a purchase price (and upon other terms and conditions) which Landlord and all of its partners have determined to accept, then Landlord shall give Tenant written notice of such proposed sale of the Project pursuant to such Purchase Offer (together with a copy of the proposed sale contract for such Purchase Offer, for the proposed sale of the Project to such third-party purchaser). Thereafter, Tenant shall have thirty (30) days from Landlord's notice in which to exercise its Right of First Refusal hereunder to purchase the Project for the same purchase price contained in, and upon the same terms and conditions as, the third-party Purchase Offer, except that, notwithstanding the terms of the third-party Purchase Offer, the Landlord and Tenant agree that: (1) the closing of the sale of the Project to Tenant shall not be earlier than sixty days from the date of Landlord's notice to Tenant; (2) the entire purchase price consideration to be paid by Tenant to Landlord shall be in cash; (3) the purchase of the Project by Tenant shall not be subject to any contingencies, other than matters of title and survey; (4) the sale to Tenant shall be closed in accordance with local title company usage and custom, with normal, customary and appropriate prorations and adjustments of rents, security deposits and other items customarily adjusted or prorated (other than real estate taxes); and (5) at the Closing of the sale of the Project by Landlord to Tenant, the Landlord shall convey the Project to Tenant by Special Warranty Deed, free and clear of all mortgages, deeds of trust, and other financing liens and encumbrances whatsoever, but subject to general taxes for the year of closing, and subject to all easements, restrictions, reservations and rights of way of record, and subject to all other assessments and special taxes which are not then due and payable, and subject to all leases and tenancies then in effect. With respect to general taxes for the year of Closing, the parties agree and acknowledge that: the real estate taxes for the year of Closing shall not be prorated or adjusted between the parties; upon Tenant's acquisition of the Project, the Project shall thereupon be and become exempt from further real estate taxes; and Landlord shall pay when due, and be responsible for payment

when due, of all applicable real estate taxes for the Project for the year of Closing, which obligation of Landlord shall survive the Closing. In order to exercise its Right of First Refusal to purchase the Project pursuant hereto, Tenant shall give Landlord written notice of exercise, within the thirty (30) day period specified above.

(d) In the event that, within the thirty (30) day period specified above, the Tenant (by written notice to Landlord) timely exercises its Right of First Refusal, then thereupon the Landlord and the Tenant shall: (1) enter into and execute a contract or agreement for the sale and purchase of the Project consistent with the terms of this Addendum and the terms of the third-party Purchase Offer (as modified by the terms of this Addendum and the Right of First Refusal hereunder); and (2) proceed to the Closing of the sale and purchase of the Project consistent with the terms of this Right of First Refusal.

(e) If Tenant fails to exercise such Right of First Refusal within said thirty (30) day period, then: (1) Landlord may proceed with the sale of the Project to the third-party purchaser on substantially the same terms and conditions set forth in the proposed third-party Purchase Offer submitted by Landlord to Tenant; and (2) upon the expiration of the thirty (30) day period, Tenant shall provide Landlord with the Tenant's written confirmation that it has not exercised its Right of First Refusal under this Lease. Upon the closing in fact of such sale of the Project to the third-party purchaser pursuant to such third-party Purchase Offer, the Tenant's Right of First Refusal shall terminate and the Tenant shall have no further Right of First Refusal to purchase the Project pursuant to the Lease. If the sale of the Project to the third-party purchaser fails to close pursuant to such third-party Purchase Offer, then the Project shall remain subject to the Tenant's Right of First Refusal under this Lease.

(f) The Tenant's Right of First Refusal to purchase the Project shall terminate on the earliest of: (1) the expiration or termination of the term of the Lease without the renewal thereof, or any other termination of the Lease pursuant to its terms; or (2) Tenant's written notification to Landlord (in recordable form) of Tenant's voluntary relinquishment and termination of the Tenant's Right of First Refusal to purchase the Project; or (3) as provided in Section 1(e) of this Addendum, upon the closing in fact of the sale and purchase of the Project to a third-party purchaser pursuant to the third-party Purchase Offer.

(g) The Tenant's Right of First Refusal to purchase the Project shall not be assignable by Tenant. The Tenant's Right of First Refusal shall terminate in the event of any assignment of the Lease by the Tenant to any third-party. The Tenant's Right of First Refusal shall terminate in the event of any termination of the Lease. In addition, Tenant shall not have the right to exercise its Right of First Refusal to purchase the Project in the event that Tenant is in default under the Lease (beyond the expiration of any applicable grace, notice and cure periods contained in the Lease).

(h) Landlord and its General Partner agree, provide and covenant that any and all rights of the General Partner to purchase the Project from the Landlord pursuant to the limited partnership agreement of the Landlord or pursuant to any other agreement between Landlord and General Partner, are and shall be junior, subordinate and inferior to Tenant's Right of First Refusal hereunder. By separate joinder herein, the General Partner agrees to and confirms the foregoing subordination of the General Partner's purchase rights, to the Right of First Refusal granted to the Tenant pursuant to this Addendum. Landlord agrees and covenants that Tenant's Right of First Refusal to purchase the Project pursuant to the Lease is and shall be senior and superior to any and all rights of the General Partner to purchase the Project from the Landlord.

(i) In consideration for the Landlord's grant to the Tenant of the Right of First Refusal contained in the this Addendum, the Landlord and Tenant agree and provide that any and all option(s) to purchase the Project by and in favor of the Tenant contained in and/or granted pursuant to the Lease, the request(s) for proposals, proposal letter(s) (and supplements thereto and/or in connection therewith) from the Landlord or the General Partner to the Tenant, hereby are waived and relinquished by the Tenant, and hereby are deleted from

said documents in their entirety. The parties agree and acknowledge that, at any time, the Tenant may submit to Landlord offers to purchase the Project, not in connection with the Lease and this Right of First Refusal; and nothing contained herein shall affect Tenant's right at any time to offer to purchase the Project from Landlord, not in connection with the Lease and this Right of First Refusal.

2. Disrepair of Premises. Landlord and Tenant agree that Section 11 of the Lease is amended in pertinent part to provide that: (a) the Tenant's notice to Landlord shall contain a detailed description of the repairs or work required; and (b) the ten (10) day cure period contained in Section 11 shall be deemed extended for the appropriate period reasonably required by Landlord to effect cure given the nature of the repairs or work required, provided that, upon Landlord's receipt of Tenant's notice, the Landlord promptly commences cure and thereafter diligently prosecutes cure with due diligence and continuity to completion, and further provided that such cure period not exceed sixty (60) days total.

3. Memorandum of Lease. The parties agree that neither the Lease nor this Addendum shall be recorded, except upon the mutual written agreement of the parties. However, upon the request of either party, Landlord and Tenant agree to execute and record in the Real Estate Recorder's Office for the County of Cole, State of Missouri, a Memorandum of the Lease, this Addendum and the Right of First Refusal to purchase hereunder.

4. Miscellaneous. All Capitalized terms not herein defined shall have the meanings ascribed to such terms in the Lease. As supplemented and amended herein and hereby, the Lease is confirmed and ratified, and is in full force and effect, as of the date hereof. This instrument shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs and permitted assigns. This instrument shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the parties have executed this instrument as of the dates set forth below their signatures.

LANDLORD

HOTEL GOVERNOR OF
JEFFERSON CITY I, L.P.,
a Missouri limited partnership

By: Bruce D. CoHN
Print: BRUCE D. COHN
Title: Its General Partner

Dated: 2/17, 1999

SUBORDINATION UNDER SECTION 1(h) AGREED
AND CONFIRMED BY GENERAL PARTNER:

Hotel Governor of Jefferson City, LLC

x Bruce D. CoHN
Print: BRUCE D. COHN

TENANT

OFFICE OF ADMINISTRATION,
ACTING ON BEHALF OF THE STATE OF MISSOURI

By: Richard G. Hansen
Print: _____
Title: _____

Dated 2/24, 1999

between

Hotel Governor of Jefferson City, L.L.C.,

LESSOR,

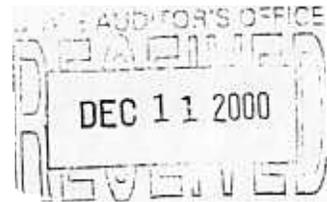
and the

STATE OF MISSOURI,

by the Office of Administration,

Division of Facilities Management,

LESSEE



THERE NOW exists a Lease dated the 19th day of January, 1999, by and between Hotel Governor of Jefferson City, L.L.C., 501 St. Louis Avenue, East St. Louis, Illinois 62201, hereinafter called the Lessor, and the State of Missouri, by the Office of Administration, Division of Facilities Management, hereinafter called the Lessee, on behalf of the Department of Economic Development, Public Service Commission and Office of the Public Counsel, hereinafter called the Tenant.

WHEREAS, said Lease involves the leasing of the property located at 200 Madison Street, Jefferson City (Cole County), State of Missouri; and

NOW THEREFORE, said Lease is amended as follows:

1. Add 7,550 net rentable square feet, for a total of 82,139 net rentable square feet.
2. Change paragraph (1)(a) to read as follows: The term of this Lease shall commence on June 15, 2000, and end June 30, 2015.
3. Change paragraph (2) to read as follows: The annual rent shall be in the amount of SEVEN HUNDRED FORTY-FIVE THOUSAND EIGHT HUNDRED TWENTY-TWO DOLLARS AND TWELVE CENTS (\$745,822.12), payable monthly in arrears in the amount of SIXTY-TWO THOUSAND ONE HUNDRED FIFTY-ONE DOLLARS AND EIGHTY-FOUR CENTS (\$62,151.84), upon prior invoices submitted by Lessor.

ALL other conditions described in the original Lease agreement shall remain in force.

IN WITNESS WHEREOF, we have hereunto affixed our signatures.

LESSEE

State of Missouri

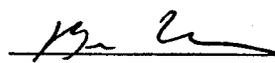


Richard A. Hanson
Commissioner of Administration

Date: 9/21/99

LESSOR

Hotel Governor of Jefferson City, L.L.C.



Date: 9/13/99

AMENDMENT #2 TO LEASE #02600791

between

Hotel Governor of Jefferson City, L.L.C.

LESSOR,

and the

STATE OF MISSOURI,

by the Office of Administration,

Division of Facilities Management,

LESSEE

THERE NOW exists a Lease dated the 19th day of January, 1999, by and between Hotel Governor of Jefferson City, L.L.C., 501 St. Louis Avenue, East St. Louis, Illinois 62201, hereinafter called the Lessor, and the State of Missouri, by the Office of Administration, Division of Facilities Management, hereinafter called the Lessee, on behalf of the Department of Economic Development, Public Service Commission and Office of the Public Counsel, hereinafter called the Tenant.

WHEREAS, said Lease involves the leasing of the property located at 200 Madison Street, Jefferson City (Cole County), State of Missouri; and

NOW THEREFORE, said Lease is amended as follows:

Add 2,266 net rentable square feet on the 10th floor, for a total of 84,405 net rentable square feet.

2. Add TWENTY THOUSAND FIVE HUNDRED EIGHTY DOLLARS AND NO CENTS (\$20,580.00) to the annual lease rate for a total of SEVEN HUNDRED SIXTY-SIX THOUSAND FOUR HUNDRED TWO DOLLARS AND TWELVE CENTS (\$766,402.12) payable monthly in arrears at the rate of SIXTY-THREE THOUSAND EIGHT HUNDRED SIXTY-SIX DOLLARS AND EIGHTY-FIVE CENTS (\$63,866.85).

ALL other conditions described in the original Lease agreement shall remain in force.

IN WITNESS WHEREOF, we have hereunto affixed our signatures.

LESSEE

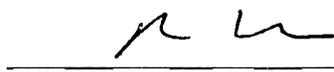
Office of Administration



Richard A. Hanson
Commissioner

LESSOR

Hotel Governor of Jefferson City, L.L.C.



Date: 7/6/00

Date: 6/25/00

AMENDMENT #4 TO LEASE #02600791

between

Hotel Governor of Jefferson City, L.L.C.,

LESSOR,

and the

STATE OF MISSOURI,

by the Office of Administration,

Division of Facilities Management,

LESSEE

THERE NOW exists a Lease dated the 19th day of January, 1999, by and between Hotel Governor of Jefferson City, L.L.C., 501 St. Louis Avenue, East St. Louis, Missouri 62201, hereinafter called the Lessor, and the State of Missouri, by the Office of Administration, Division of Facilities Management, hereinafter called the Lessee, on behalf of the Department of Economic Development, Public Service Commission, and Office of Public Counsel, hereinafter called the Tenant.

WHEREAS, said Lease involves the leasing of the property located at 200 Madison Street, Jefferson City (Cole County), State of Missouri; and

NOW THEREFORE, said Lease is amended as follows:

Paragraph (1): Add Janitorial Service for the 10th floor, to the lease. The total price for the janitorial contract shall remain the same for three years to expire June 20, 2003.

Paragraph (2): Add \$2,515.26 annual for janitorial service on 10th floor. Total annual rent payment of \$860,057.38.

ALL other conditions described in the original Lease agreement shall remain in force.

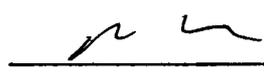
IN WITNESS WHEREOF, we have hereunto affixed our signatures.

LESSEE

LESSOR

Office of Administration

Hotel Governor of Jefferson City, L.L.C.



Lin Appling, Director

Division of Facilities Management

Date: 10/13/00

Date: 10/2/00

AMENDMENT #3 TO LEASE #02600791

between

Hotel Governor of Jefferson City, L.L.C.,

LESSOR,

and the

STATE OF MISSOURI,

by the Office of Administration,

Division of Facilities Management,

LESSEE

THERE NOW exists a Lease dated the 19th day of January, 1999, by and between Hotel Governor of Jefferson City, L.L.C., 501 St. Louis Avenue, East St. Louis, Missouri 62201, hereinafter called the Lessor, and the State of Missouri, by the Office of Administration, Division of Facilities Management, hereinafter called the Lessee, on behalf of the Department of Economic Development, Public Service Commission, and Office of Public Counsel, hereinafter called the Tenant.

WHEREAS, said Lease involves the leasing of the property located at 200 Madison Street, Jefferson City (Cole County), State of Missouri; and

NOW THEREFORE, said Lease is amended as follows:

1. Add Janitorial Service as proposed May 10, 2000, to the lease. All terms and conditions including price for the janitorial contract shall remain the same for three years to expire June 30, 2003.
2. Add NINETY-ONE THOUSAND ONE HUNDRED FORTY DOLLARS AND NO CENTS (\$91,140.00) annually for a total annual lease rate of EIGHT HUNDRED FIFTY-SEVEN THOUSAND FIVE HUNDRED FORTY-TWO DOLLARS AND TWELVE CENTS (\$857,542.12) paid monthly in arrears at the rate of SEVENTY-ONE THOUSAND FOUR HUNDRED SIXTY-ONE DOLLARS AND EIGHTY-FOUR CENTS (\$71,461.84).

ALL other conditions described in the original Lease agreement shall remain in force.

IN WITNESS WHEREOF, we have hereunto affixed our signatures.

LESSEE

LESSOR

Office of Administration

Hotel Governor of Jefferson City, L.L.C.



Richard A. Hanson
Commissioner

Date:

8/7/00

Date:

8/2/00